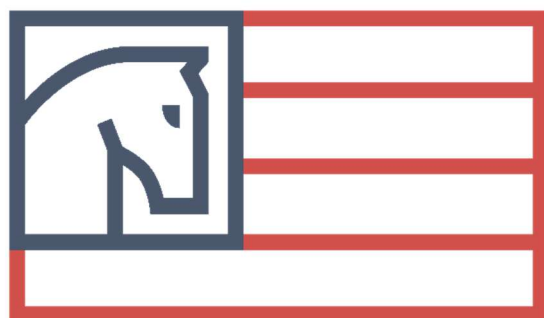




WAR HORSES
FOR VETERANS

REPORT ON INTERNAL CONTROLS

December 31, 2023

August 18, 2025

Board of Directors
War Horses for Veterans, Inc.

In planning and performing our audit of the financial statements of War Horses for Veterans, Inc. (the “Organization”) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiencies in the entity’s internal control to be material weaknesses:

Audit Adjustments

As a result of our audit, we proposed several adjustments to correct the books as originally provided to us for audit. Most of these adjustments proposed were material to the financial statements. We recommend that the accounting and finance personnel review these adjustments and incorporate them into the year-end close process in advance of the annual audit.

Establish and Implement Accounting Policies and Procedures

As a result of our audit, we found an overall lack of review and reconciliation in many areas of the accounting and finance functions. The Organization has experienced turnover in management positions. As a result, well-defined accounting policies and procedures have not been established and many review and reconciliation policies and procedures have not been consistently or continuously maintained. We suggest that a formal accounting policies and procedures manual be developed and documented.

At a minimum, at this point in time, we suggest the Organization develop policies and procedures for the following areas:

- Reconciliations of the Organization's bank and investment accounts should be performed monthly and reviewed,
- Reconciliations of the Organization's donor software, Network for Good and QuickBooks should be performed on a regular basis throughout the year,
- Approval process of manual journal entries,
- Tracking inventory of merchandise,
- The cash receipt process,
- Review and approval of credit card transactions,
- The payroll process, and
- The billing process, including purchasing.

Management Response

We acknowledge the audit finding regarding the lack of consistent review and reconciliation in accounting and finance functions. We recognize that prior turnover in key management positions contributed to these challenges and appreciate the insights provided.

A significant change in leadership occurred at the end of January 2024, and new management was put in place to provide stronger direction and oversight. Since that transition, War Horses for Veterans has taken proactive steps to build a more transparent and structured financial system. One of the first priorities of the new leadership team was to address existing gaps in financial policy, internal controls, and overall accountability.

It is important to note that many of the specific policy and procedure recommendations outlined in the audit were already being implemented prior to the issuance of this report. These include:

- Performing monthly reconciliations of bank and investment accounts with documented review,
- Regular reconciliation between Network for Good (donor software) and QuickBooks,
- Implementing a formal approval process for manual journal entries,
- Initiating consistent tracking of merchandise inventory,
- Formalizing a standardized cash receipt process,
- Implementing a review and approval process for credit card transactions,
- Enhancing documentation and oversight of the payroll process,
- Establishing purchasing and billing procedures.

Additional steps already taken to strengthen our financial infrastructure include:

- Launching the development of formal accounting policies and procedures in April 2024,
- Hiring a third-party bookkeeping firm in March 2024 to ensure independent, accurate financial oversight,
- Implementing a multiple-approval system for all expenses,
- Hiring key finance and administrative staff to improve continuity and oversight,
- Beginning the creation of a comprehensive Accounting Policies and Procedures Manual, currently in progress and expected to be completed by September 30, 2025.

We are committed to continuous improvement and ensuring long-term financial accountability and transparency. We appreciate the audit firm's feedback, which reinforces the direction we are already taking, and we will continue to build upon the foundational changes already in progress.

Supporting Documentation

During our audit, we noted several instances where invoices, receipts or other supporting documentation were not maintained. This practice could result in the payment of unsubstantiated expenses. We recommend that the Organization obtain supporting documentation for all transactions and that documentation be retained by the Organization.

Management Response

We acknowledge the audit finding regarding the lack of supporting documentation for certain transactions and understand the importance of maintaining complete and accurate records to ensure transparency and accountability.

Since the change in leadership in January 2024, War Horses for Veterans has taken significant steps to improve financial oversight and internal controls. In response to this specific concern, we would like to note that a formal billing system with an established approval process is now in place.

In May 2024, the organization implemented the use of Dext and Bills.com to manage invoicing and track expenses. These tools ensure that supporting documentation such as receipts, invoices, and expense reports is collected, reviewed, and securely retained. Both platforms are fully integrated with QuickBooks Online, creating a centralized and auditable financial record.

In addition, our payroll process was formalized with the implementation of Gusto in January 2025. Gusto provides a reliable platform for processing payroll, managing employee records, and maintaining required documentation, including tax filings and compliance materials.

We believe these measures directly address the documentation gaps noted during the 2023 audit. All relevant records are now retained in a secure and accessible format and are readily available for audit review. War Horses for Veterans remains committed to upholding strong financial practices and ensuring full transparency in all fiscal matters.

During our audit, we also became aware of the following other matters that are opportunities for strengthening internal controls in operating efficiency:

Rental Agreements

The Organization rents out the lounge area of the property for events to third parties. However, we noted that there was no documentation on how the rental rates were determined and no written rental agreements. We recommend that the Organization develop rental rates for these events and also prepare written rental agreements that name the parties involved and list the terms of the lease, the rentals, and the guarantees.

Management Response

War Horses for Veterans is actively establishing a standard going rate for rental costs related to the lounge area. We are committed to developing a comprehensive rental agreement that not only protects our organization legally but also provides transparency regarding which portions of the rental fees may be considered tax deductible as partial donations.

This agreement will clearly outline the terms of use, responsibilities of all parties, rental fees, and the applicable tax considerations to ensure clarity and compliance for both the Organization and renters. We anticipate finalizing and implementing this agreement by September 30, 2025.

Personnel Files

The Organization does not currently maintain personnel files for its employees. Maintaining personnel files is an important internal control. Complete and current personnel files should be established and maintained for each employee. Files should include the following information:

- Employment history, including hire date;
- Emergency contact notification information;
- Authorized salary data and withholding/adjustment authorization;
- Employment contracts;
- Authorized and current payroll deductions;
- Current federal and state withholding tax forms;
- Vacation data;
- Sick leave data;
- Reference checks and responses; and
- Management authorization of all personnel changes.

Management Response

War Horses for Veterans established personnel files in the summer of 2024. These files include appropriate documentation to support tax reporting, pay rates, and documented job descriptions for both full-time staff and part-time contractors.

Personnel files will continue to be improved constantly to ensure that both employees and the organization are protected, compensated fairly, and maintain transparency for auditing and compliance purposes.

Policies and Procedures

The Organization does not have written financial policies and procedures. We recommend the Organization develop and document formal financial policies such as:

- Capitalization policy
- Investment policy
- Conflict of interest policy
- Whistleblower policy
- Procurement policy
- Record retention policy

Having written policies and procedures can be very helpful in ensuring that proper procedures and related internal controls are in place and consistently followed.

Management Response

We acknowledge the audit finding regarding the absence of formal written financial policies and procedures prior to February 2024. War Horses for Veterans recognizes the importance of documented policies to ensure consistent adherence to internal controls and sound financial practices.

In response, the Organization has taken significant steps to strengthen its administrative and financial framework:

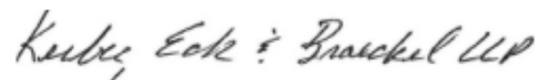
- **Financial Policies:** Formal financial policies were developed and implemented in Q2 of 2024. These policies serve as the foundation for consistent procedures and effective internal controls.
- **Personnel Files:** Personnel files were established in the summer of 2024 and include appropriate documentation for tax reporting, pay rates, and documented job descriptions for both full-time staff and part-time contractors. These files are continuously being improved to ensure that employees and the Organization are protected, compensated fairly, and maintain transparency for auditing and compliance purposes.
- **Employee Handbook:** To further formalize our internal controls and organizational practices, War Horses for Veterans is developing a comprehensive employee handbook, which is scheduled to be finalized by September 30, 2025. This handbook will outline key policies and procedures related to personnel management, organizational values, and compliance.

We believe these steps demonstrate our commitment to enhancing governance, financial integrity, and operational efficiency. We appreciate the audit team's recommendations and will continue to prioritize the ongoing development and refinement of our policies.

The Organization's written responses to the material weaknesses and other matters identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in dark ink, reading "Kuebel, Eck & Brackel LLP". The signature is written in a cursive, flowing style.

St. Louis, Missouri
August 18, 2025